

**SECTION 209**  
**ECONOMIC ADJUSTMENT PROGRAM**  
**REVOLVING LOAN FUND GRANTS**  
**ADMINISTRATIVE MANUAL**



**DECEMBER, 1998**

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## **I. PURPOSE**

This Manual describes the compliance, reporting, grant record keeping and other administrative requirements and procedures that apply to Revolving Loan Fund (RLF) grants funded by the Economic Development Administration (EDA) under Section 209 of the Public Works and Economic Development Act of 1965, as amended. These requirements apply to new RLFs and to the future actions of all RLFs funded prior to the Manual's effective date. The requirements apply to RLFs funded under the Sudden and Severe Economic Dislocation (SSED) and the Long-Term Economic Deterioration (LTED) components of Section 209. They also apply to the revolving phases of RLFs funded for the initial purpose of providing financing to one or more identified business firms.

## **II. AUTHORITY**

### **A. GRANT RECIPIENTS AS TRUSTEES**

Recipients of EDA grants to operate RLFs hold RLF funds in trust to serve the purpose of the Economic Adjustment program for which the grant award was made. The grant recipient's obligation to the Federal Government continues as long as the Federal interest in EDA RLF assets, in the form of cash, receivables, personal and real property, and notes or other financial instruments developed through the use of the funds, continues to exist. If EDA determines that a grant recipient is failing to meet this obligation, the Agency will assert its equitable reversionary interest in the RLF assets. However, EDA's nonassertion of its interest does not constitute a waiver thereof.

### **B. GRANTOR AUTHORITY TO CHANGE POLICIES**

EDA, as the Federal agency charged with implementing the program, is obligated to promulgate policies and procedures applicable to all RLF grant recipients to insure compliance with Federal requirements, to safeguard the public's interest in the grant assets, and to promote effective use of the funds in accomplishing the purpose for which they were granted.

Pursuant to this obligation, grant terms and conditions require grant recipients to comply with changes in regulations and other requirements and policies that EDA may issue from time-to-time. Such changes apply to actions taken by all grant recipients, existing and prospective, after the effective date of the changes. Loans made by grant recipients prior to the effective date of the changes are not affected unless so required by law.

As a matter of policy, EDA will subject proposed RLF changes to public review when practicable.

EDA's policy is to administer RLF grants uniformly, but it is understood that there may be situations warranting a variance. To accommodate these situations and to encourage innovative and creative ways to address economic adjustment problems, requests for variances to the requirements of this Manual will be considered if they are consistent with the goals of the Section 209 program and with an RLF's strategy, make sound economic and financial sense, and do not conflict with applicable legal requirements.

C. PRECEDENCE OF GRANT DOCUMENTS AND PUBLISHED REGULATIONS

The Grant Award, executed by EDA and the recipient, together with the Budget, Special Terms and Conditions and the Standard Terms and Conditions, as may be amended, and the current regulations, published at 13 CFR Part 308, constitute the requirements, hereinafter referred to as "Terms and Conditions," applicable to an EDA RLF grant. This Manual is designed to clarify and administratively implement those requirements. In the event of conflict, the aforementioned documents take precedence over this Manual.

**III. GRANTEE RESPONSIBILITIES**

A. PRUDENT LENDING PRACTICES

RLF grant recipients are required to operate RLFs in accordance with lending practices generally accepted as prudent for public loan programs. Such practices cover loan processing, documentation, servicing and administrative procedures, as outlined in the current RLF Plan Guidelines.

B. PROTECTION OF RLF ASSETS

RLF grant recipients are required

1. to obtain adequate and appropriate collateral from borrowers, and
2. to act diligently to protect the interests of the RLF, through collection, foreclosure, or other recovery actions on defaulted loans.

C. FEDERAL REQUIREMENTS APPLICABLE TO GRANT RECIPIENTS

Grant recipients are responsible for complying with the Federal laws and regulations, Executive Orders and Office of Management and Budget (OMB) Circulars which are referenced in the Terms and Conditions, as may be amended, for RLF grants. These include administrative and audit requirements, cost principles, and other laws, regulations and Executive Orders pertaining to requirements from civil rights to lobbying restrictions.

D. FEDERAL REQUIREMENTS APPLICABLE TO RLF BORROWERS

Grant recipients are responsible for ensuring that prospective borrowers are aware of, and comply with, the Federal statutory and regulatory requirements that apply to activities carried out with RLF loans. The most common of these requirements relate to environmental protection, civil rights, Davis-Bacon wage rates and handicap access on construction projects, and the prohibited use of RLF funds for businesses that relocate jobs from one commuting area to another.

Grant recipients are responsible for developing an appropriate review process in accordance with the intent of the National Environmental Policy Act of 1969, (P.L. 91-190) as amended, as implemented by the "Regulations" of the President's Council on Environmental Quality. The process shall include disapproval of loan projects which would adversely (without mitigation) impact floodplains, wetlands, significant historic or archeological properties, drinking water resources, or nonrenewable natural resources. Grant recipients are also responsible for openly marketing the RLF to prospective minority and women borrowers, and monitoring borrower compliance with civil rights requirements that prohibit borrowers from discriminating against employees or applicants for employment, or providers of goods and services. These and the other Federal requirements described in the Terms and Conditions of each grant should be included, as applicable, in each RLF's standard loan agreement to ensure

borrower compliance where necessary. Grant recipients are expected to act diligently to correct instances of noncompliance, including the recall of loans, if necessary.

#### **IV. REVOLVING LOAN FUND RESTRICTIONS**

The following restrictions apply generally to RLFs:

##### **A. LENDING AREA RESTRICTIONS**

1. **ELIGIBLE LENDING AREA:** The economic activity and the benefits of RLF loans must be located within the eligible areas identified in the grant award.
2. **MODIFICATION OF THE ELIGIBLE AREA:** Areas within the operational jurisdiction of the grant recipient that were not identified in the grant award, but that meet or may subsequently meet the Agency's criteria for eligibility under Section 209, may qualify to be added to an RLF's eligible lending area. To ascertain qualification, a grant recipient must make a written request to EDA to determine whether a new area is eligible for assistance under existing grant terms. Area eligibility data are updated quarterly and eligibility lists are maintained by EDA's Regional Offices. Unless stipulated otherwise in the grant award, once an area's eligibility is approved by EDA, that area retains its eligibility indefinitely.
3. **RECAPITALIZATION RULE:** If EDA funds are used to recapitalize an existing RLF, the new grant funds may be used only in areas eligible for assistance at the time the recapitalization grant is invited (and in areas that become eligible between the time of invitation and the grant award). Areas that were eligible under the previous EDA grant award but not under the new award may continue to receive RLF assistance under the previous grant award only. Areas which become eligible subsequent to the grant award require EDA approval as discussed above in Section IV.A.2.

If a grant recipient has received EDA funds to recapitalize an existing RLF and the respective grants serve different eligible lending areas, the grant recipient is responsible for maintaining adequate accounting records to substantiate that each grant is being used in the appropriate eligible lending area.

##### **B. BORROWER RESTRICTIONS**

1. **ELIGIBLE LENDING AREA:** An RLF borrower must retain the activity financed in the eligible lending area for the term of the loan. The RLF's standard loan agreement should include a provision to call the loan if the activity financed is moved *from* the eligible lending area.
2. **RELOCATION:** RLF financing may not be used by a borrower for any activity that serves to relocate jobs from one commuting area to another. This applies both to a business which uses RLF financing to relocate jobs into an eligible area from a different commuting area, and to a business which relocates jobs, created as a result of RLF financing, to a different commuting

area. An RLF's standard loan agreement should include a provision for calling the loan if it is determined that

- a. the business used the RLF loan to relocate jobs from another commuting area, or
- b. the activity financed was subsequently moved to a different commuting area to the detriment of local workers.

The commuting area is that area defined by the distance people travel to work in the locality of the project receiving RLF financial assistance.

3. **CREDIT OTHERWISE AVAILABLE:** A borrower is not eligible for RLF financing if credit is otherwise available on terms and conditions which would permit completion and/or the successful operation or accomplishment of the project activities to be financed. The grant recipient is responsible for determining that each borrower meets this requirement and for documenting the basis for its determination in the loan write-up. A loan write-up must include a discussion of the particular features of the local capital market and/or of the individual borrower or project to be financed that result in the need for RLF financing. It should also briefly describe the key aspects of the business and the loan including a discussion of the prospective borrower's ability to repay.

The grant recipient is also responsible for obtaining *supplemental evidence*, as appropriate, to support the need for RLF financing. This **may** include the following:

- a. a commitment letter from a participating bank stating the loan terms, the maximum amount to be extended by the bank, and the need for the RLF's participation; and/or
- b. bank rejection letter(s), if obtainable, listing the proposed loan terms.

Exception to Credit Test: RLF financing may also be used as an incentive, through favorable loan terms, to attract a new business or a business expansion into an eligible area. The business may be credit worthy but would otherwise not locate in the area without RLF financing as an incentive. To undertake this type of project, the grant recipient must sufficiently document the need for RLF assistance and should obtain certification from the company, stating that it would not locate the proposed project at the intended location without RLF assistance. Grant recipients are cautioned that failure to document adequately the need for an RLF loan may be grounds for declaring a loan ineligible and requiring the grant recipient to repay any outstanding loan balance to the RLF, or return the Federal share to EDA.

4. **PUBLIC AND QUASI-PUBLIC BORROWERS:** A public or quasi-public organization is not eligible to receive RLF financial assistance unless
  - a. the activity financed directly benefits or will directly benefit identifiable business concerns, and
  - b. there is reasonable assurance that the activity financed will result in increased business activity in the near term.
5. **PRIVATE DEVELOPERS:** Private developers are not eligible for RLF assistance unless the activity financed is non-speculative, consistent with the strategic and lending objectives of the RLF, and directly benefits or will directly benefit identifiable business concerns.



6. OTHER: A grant recipient shall not use its RLF to make a loan to itself or to a related organization.

## C. FINANCING RESTRICTIONS

1. Loans to a borrower for the purpose of investing in interest bearing accounts, certificates of deposit, or other investments not related to the objectives of the RLF are prohibited. To preclude ineligible uses of RLF funds, the purpose of each RLF loan should be clearly stated in the RLF loan agreement.
2. For initial RLF grants, the total dollar amount of loans for working capital purposes may not exceed 50% of the total RLF capital prior to the full disbursement of grant funds, unless otherwise stipulated in the grant agreement. ("RLF capital" consists of the funds which capitalized the RLF plus such earnings and fees generated by RLF activities as may be added to the RLF capital base to be used for lending.) For recapitalization grants and for initial grants after the grant funds are fully disbursed, the portfolio working capital percentage may, with EDA's prior written approval, exceed 50 percent. In reviewing requests to increase the 50 percent limit on working capital loans, EDA will consider, among other things, the grant recipient's experience with working capital loans and whether the request is consistent with the area's Economic Adjustment Strategy and the RLF Plan.
3. RLF capital may *not* be used to:
  - a. acquire an equity position in a private business;
  - b. subsidize interest payments on an existing loan;
  - c. provide the equity contribution required of borrowers under other Federal loan programs;
  - d. enable an RLF borrower to acquire an interest in a business, either through the purchase of stock or through the acquisition of assets, *unless* the need for RLF financing is sufficiently justified, and documented in the loan write-up (referenced in IV.B.3 above). Acceptable justification could include acquiring a business to substantially save it from imminent foreclosure or acquiring it to expand it with increased investment. In any case, the resulting economic benefits should be demonstrably consistent with the strategic objectives of the RLF;
  - e. refinance existing debt *unless*:
    - (1) there is sound economic justification and the grant recipient sufficiently documents in the loan write-up that the RLF is not replacing private capital solely for the purpose of reducing the risk of loss to an existing lender(s) or to lower the cost of financing to a borrower, or
    - (2) an RLF uses RLF income sources and/or recycled RLF funds to purchase the rights of a prior lienholder during an in-process foreclosure action in order to preclude a significant loss on an RLF loan. This action may be undertaken only if there is a high probability of receiving compensation within a reasonable time period (18 months) from the sale of assets sufficient to cover an RLF's expenses plus a reasonable portion of the outstanding loan obligation.

*(Note: Since a grant recipient will be required to repay the amount of an ineligible loan, it is recommended that EDA be contacted for clarification or written confirmation if there is any question regarding either of the refinancing exceptions described above.)*

4. Prior to full disbursement of grant funds, the grant recipient may not use the RLF to guarantee loans made by other lenders. In the revolving phase, after the full disbursement of grant funds, the RLF may be used to guarantee loans of private lenders provided the Recipient has obtained EDA's prior written approval of its proposed loan guarantee activities. The plan for any loan guarantee activities should include the following information:
  - a. the maximum guarantee percentage that will be offered;
  - b. a certification from the RLF attorney that the guarantee agreement is acceptable by local standards. At minimum, the guarantee agreement must include the following: the maximum reserve requirement; the rights and duties of each party in regard to loan collections, servicing, delinquencies and defaults; foreclosures; bankruptcies; collateral disposition and the call provisions of the guarantee; and interest income and loan fees, if any, which will accrue to the RLF.

#### D. INTEREST RATES

A grant recipient can make loans and loan guarantees to eligible borrowers at interest rates and under conditions determined by the Recipient to be most appropriate in achieving the goals of the RLF. However, the minimum interest rate an RLF can charge is four (4) percentage points below the current money center prime rate quoted in the Wall Street Journal or the maximum interest rate allowed under State law, whichever is lower, but in no event may the interest rate be less than four (4) percent. However, should the prime interest rate exceed fourteen (14) percent, the minimum RLF interest rate is not required to be raised above ten (10) percent if to do so would compromise the ability of the RLF to implement its financing strategy.

#### E. PRIVATE LEVERAGING

Unless stipulated otherwise in the grant agreement, RLF loans must be used to leverage private investment of at least two dollars for every one dollar of RLF investment. This leveraging requirement applies to the portfolio as a whole rather than to individual loans and is effective for the life of the RLF. Private investment, to be classified as leveraged, must be made concurrently with an RLF loan as part of the same business development project and may include (1) capital invested by the borrower or others, (2) financing from private entities, and (3) 90 percent of the guaranteed portions of SBA 7(a) and SBA 504 debenture loans. Private investments do not include equity build-up in a borrower's assets or prior capital investments by the borrower unless made within nine months of the RLF loan and with the concurrence of the RLF Recipient. If a grant recipient can demonstrate that the 2:1 leverage requirement is too restrictive for its lending area and that it impedes the purpose for which the grant was made, it may request EDA to waive or modify the grant agreement.

**V. RLF CAPITAL****A. RLF CAPITALIZATION**

The original sources of capital for EDA RLFs are normally EDA grant funds and a nonfederal cash matching share. The EDA grant funds and the nonfederal matching funds can be used only for the purpose of making loans under an RLF, unless otherwise provided for in the grant agreement and grant budget, e.g., budgeted audit costs. Costs associated with the preparation of the grant application are not eligible expenses and are not reimbursable from the funds invested as RLF capital.

**B. NONFEDERAL MATCHING SHARE**

The grant agreement specifies the amount of nonfederal cash share required for an RLF grant. This is usually not less than 25% of the total RLF capital investment. The nonfederal share funds must be loaned either before or proportionately with EDA funds. Upon repayment, the nonfederal share funds are treated the same as EDA funds, repayments of principal must be placed in the RLF for relending and interest payments must be used either for relending or for eligible RLF administrative costs. The nonfederal matching share must be available when needed for lending and must be under the control of the grant recipient (or its designee) for the duration of the RLF for use in accordance with the terms of the grant.

**C. PARTIAL TERMINATION AND DEOBLIGATION**

In the event that a portion of the EDA grant is terminated and deobligated (refer to Section XII below) and is no longer available to a grant recipient due to its failure to meet the terms of a grant, the nonfederal matching share shall remain in the RLF unless otherwise specified in the grant agreement or agreed to in writing by EDA.

**VI. RLF ADMINISTRATIVE COSTS****A. GENERAL REQUIREMENTS**

Grant recipients are responsible for the administrative costs associated with operating an RLF. Evidence of sufficient and reliable sources of funds to cover RLF administrative expenses is a key factor in project selection. As grant funds are disbursed for loans and an RLF begins to generate income from lending activities, such income (referred to as "RLF Income" and defined in Section VII.A), as distinguished from principal repayments, may be used to cover eligible, reasonable, and documented administrative costs necessary to operate the RLF. When RLF Income is used for RLF administrative expenses, rather than added to the RLF capital base for lending, grant recipients are required to complete an RLF Income and Expense Statement as discussed in Section VII.C.2.

**B. AUDITING COSTS**

The grant budget accompanying the grant award lists the maximum amount of grant funds that may be used to defray the costs of audits required under the terms of the grant. In addition to funds budgeted in the grant award, audit costs may be reimbursed from RLF Income and from resources of the grant recipient. Audit costs are chargeable against the grant award if permitted in the grant budget and RLF Income to the extent that the costs charged are equitably distributed and reflect the benefits received. Grant funds budgeted for audit costs that are unused may be reallocated to the RLF capital base

without EDA's permission. Additional information on grant audits is discussed in Section XI.B and in EDA's Revolving Loan Funds Grants Audit Guidelines (RLF Audit Guidelines).

#### C. OTHER ELIGIBLE RLF ADMINISTRATIVE COSTS

Costs eligible for reimbursement from RLF Income must be consistent with the cost principles outlined in the appropriate OMB cost principle circular (OMB A-21, A-87 or A-122) and with the RLF Audit Guidelines. The requirements for using RLF Income are discussed in detail in Section VII.

Some of the common administrative costs that may be charged against RLF Income include RLF staff salaries and fringe benefits, RLF-related training, travel, marketing, general administration, business counseling and management assistance, portfolio management, materials and supplies, equipment rental and acquisitions prorated based on RLF usage, building rent, outside professional services, insurance, loan closing costs and the costs to protect collateral subsequent to foreclosure.

RLF administrative costs may be separated into direct and indirect costs. Direct costs are those that can be identified specifically with a particular cost objective, such as an RLF program; indirect costs are those that are incurred for a common or joint purpose benefitting more than one program or cost objective and are not readily assignable. All costs charged against RLF Income must be supported by formal accounting records and source documentation. All indirect and joint costs charged against RLF Income must additionally be supported by a cost allocation plan approved by the cognizant Federal agency.

### VII. RLF INCOME

#### A. DEFINITION

RLF Income includes interest earned on outstanding loan principal, interest earned on accounts holding RLF funds not needed for immediate lending, all loan fees and loan-related charges received from RLF borrowers, and other income generated from RLF operations. *(Note that the definition of RLF Income does not include repayments of loan principal because RLF principal repayments represent the return of capital and not "income". Consequently, RLF Income is a narrower definition of income than "program income" in the Uniform Administrative Requirements For Grants And Cooperative Agreements To State And Local Governments in 15 CFR Part 24.25, which includes principal repayments).*

In accounting for RLF Income, any proceeds from the sale, collection, or liquidation of a defaulted loan, up to the amount of the unpaid principal, will be treated as repayments of RLF principal and placed in the RLF for lending purposes only. Any proceeds in excess of the unpaid principal will be treated as RLF Income.

#### B. ELIGIBLE USES

While RLF Income can be used to pay for eligible and reasonable administrative costs as discussed above, RLF grant recipients are expected to add a reasonable percentage of RLF Income to the RLF capital base to compensate not only for loan losses and the effects of inflation over time, but also to maintain a minimum funding level for the future borrowing needs within the eligible lending area. To determine the appropriate amount of RLF Income to return to an RLF, RLF operators should consider

the costs necessary to operate an RLF program, the availability of other monetary resources, the portfolio risk level and projected capital erosions from loan losses and inflation, the community's (or area's) commitment to the RLF, and the anticipated demand for RLF loans.

*(Note: RLF Income that is not used for administrative purposes during the twelve month period in which it is earned must be added to the RLF capital base for lending purposes by the end of the twelve month period (see Section VII.C.2 below for selection of the twelve month period). Only RLF Income earned during a current period may be used for current administrative expenses. RLF Income may not be withdrawn from an RLF in a subsequent period for any uses, other than lending, without the written consent of EDA.)*

### C. ADMINISTRATIVE REQUIREMENTS

Grant recipients electing to use RLF Income to cover all or part of a RLF's administrative costs must comply with the following provisions:

1. ACCOUNTING RECORDS: Grant recipients must:
  - a. maintain adequate accounting records and source documentation to substantiate the amount and percent of RLF Income expended for eligible RLF administrative costs, and
  - b. comply with applicable OMB cost principles and with the RLF Audit Guidelines when charging costs against RLF Income. Records must be retained by grant recipients for at least three years. *If fraud is an issue, records must be retained until the issue is resolved.*
2. RLF INCOME AND EXPENSE STATEMENT: The Recipient must complete the RLF Income and Expense Statement (RLF Income Statement) located in Exhibit A, within 90 days of the twelve month period ending either September 30 or the Recipient's fiscal year end, whichever period is selected by the Recipient. The Recipient shall notify EDA of its selection in its first report to EDA. Once the period is selected, it may not be changed without prior written permission of EDA.

In lieu of completing an RLF Income Statement, the grant recipient may substitute information contained in an independent audit report provided it is in substance and in detail comparable to that provided in the RLF Income Statement. Should an audit report be used, the grant recipient will have to provide additional information certifying certain employee information requested in the RLF Income Statement.

3. REPORTING REQUIREMENTS: Grant recipients using fifty (50) percent or more or \$100,000 or more of RLF Income for RLF administrative expenses during the selected twelve month period must submit the completed RLF Income Statement to the EDA Regional Office within 90 days of the period ending date. Grant recipients whose RLF Income usage is under 50 percent and less than \$100,000 shall retain the RLF Income Statement for three years. The grant recipient shall make it available to EDA personnel upon request.

4. **INELIGIBLE COSTS:** For any costs determined by EDA to have been an ineligible use of RLF Income, the grant recipient shall reimburse the RLF or EDA. EDA will notify the grant recipient of the time period allowed for, and the manner in which to make, reimbursement.

## **VIII. REVOLVING LOAN FUND PLAN**

### **A. PURPOSE**

Grant recipients are required by the terms and conditions of the grant agreement to manage RLFs in accordance with an RLF Plan (Plan) generally approved prior to the grant award. The Plan serves two purposes. First, it summarizes how the RLF will be used to support implementation of the area's economic adjustment strategy, a statutory prerequisite to award of a Section 209 Implementation grant. Second, it documents the operating procedures established by the grant recipient to ensure consistent administration of the RLF in accordance with the Terms and Conditions of the grant and prudent public lending practices.

### **B. FORMAT AND CONTENT**

The Plan has two distinct parts. Part I, "The RLF Strategy," summarizes the area's economic adjustment strategy, including the business development objectives, and describes the RLF's financing strategy, policies and portfolio standards. Part II, "RLF Operating Procedures," serves as the internal operating manual for the RLF. The grant recipient is required to address a number of topics specifically identified by EDA, but otherwise has considerable discretion in designing and documenting operating procedures appropriate to the relative scale and complexity of its financing function. The required format and content for the two parts of the Plan are described in EDA's RLF Plan Guidelines.

### **C. EDA APPROVAL**

Unless specifically otherwise permitted by EDA, the Plan must be approved by EDA prior to the grant award.

### **D. ANNUAL PLAN CERTIFICATION**

Grant recipients are required to certify annually with the submission of the program report for the period ending September 30 (see Section XI.A), that the RLF loan board and the grant recipient's governing board have reviewed the RLF's performance for the preceding year relative to the area's adjustment strategy and the RLF Plan and have determined that:

1. The RLF Plan is consistent with and supportive of the area's current economic adjustment strategy; and
2. The RLF is being operated in accordance with the policies and procedures contained in the RLF Plan, and the loan portfolio meets the standards contained therein.

With the exception of States, the certification should normally be in the form of a resolution passed by the grant recipient's governing board. Certification by State grantees should be by an authorized State official.

## E. PLAN MODIFICATIONS

Approval of modifications to Part I of the Plan may be requested at any time the grant recipient or EDA determines that the Plan is either outdated relative to the current adjustment needs and objectives of the area or specific lending policies and/or requirements are impeding effective use of the RLF as a strategic financing tool. Prerequisites for EDA's consideration of proposed modifications to Part I of the Plan include the following:

1. When the modification request is based on a significant redirection of an area's economic adjustment strategy, it must be accompanied by a copy of the current strategy. The strategy submitted must:
  - a. have been prepared or reviewed and updated, as necessary and appropriate, within the last 12 months by the grant recipient or area organization responsible for its preparation and maintenance;
  - b. address, for the purposes of EDA, the same geographic/jurisdictional area covered by the original strategy, unless the eligible area has been/is being expanded as provided for by the terms and conditions of the grant;
  - c. include the information specified in EDA's current guidelines for preparing and documenting an economic adjustment strategy, including evidence of the continuing need for the RLF; and
  - d. provide sufficient evidence that the proposed modifications are necessary and justified.
2. When the proposed modification is designed to permit more effective use of RLF financing in support of its unchanged strategic objectives, the grant recipient must submit adequate written justification for the proposed change(s). Submission of a current adjustment strategy is not required.
3. Certification that the proposed revisions are consistent with EDA policy and do not violate the terms and conditions of the grant.
4. Certification that the purpose and scope of the RLF as a financing tool for supporting implementation of the area's economic adjustment strategy remain unchanged.
5. Certification that prudent management of the RLF assets would not be compromised.

Grant recipients funded prior to the effective date of this Manual are encouraged but not required, unless determined otherwise by EDA, to comply with the new RLF Plan format when modifying any part of their plan.

Operational procedures, as documented in Part II of the Plan, so long as consistent with EDA requirements and the terms and conditions of the grant award, may be modified with the approval of the grant recipient's governing board. A copy of any revisions to Part II should be submitted for the EDA file within 30 days of approval. For grant recipients other than States, Plan modifications should be approved by resolution of the organization's governing board.

## **IX. DISBURSEMENT OF GRANT FUNDS**

### **A. PRE-DISBURSEMENT REQUIREMENTS**

1. The grant recipient is required to provide evidence that it has fidelity bond coverage for persons authorized to handle funds under the grant award in an amount sufficient to protect the interests of EDA and the RLF. Such insurance coverage must exist at all times during the life of the RLF.
2. The grant recipient is required to provide a certification by an independent accountant familiar with the grant recipient's accounting system that its accounting system is adequate to identify, safeguard, and account for all RLF funds, including RLF Income.
3. The grant recipient is required to certify that the standard RLF loan documents necessary for lending are in place and that these documents have been reviewed by legal counsel for adequacy and compliance with the terms and conditions of the grant. The standard loan documents must include at a minimum, the following: Loan Application, Loan Agreement, Promissory Note, Security Agreement(s), Deed of Trust or Mortgage, and Agreement of Prior Lien Holder.

### **B. DISBURSEMENT PROCEDURES**

The grant recipient is required to draw grant funds electronically by the Automated Clearing House Electronic Funds Transfer (ACH/EFT) system. A grant recipient may request disbursements only at the time and in the amount immediately needed to close a loan or disburse funds to a borrower. RLF grant funds are considered to be made available to grant recipients on a reimbursement basis (as an obligation is incurred by the grant recipient at the time of loan approval and loan announcement). Grant funds should be requested only for immediate use, i.e., when the intent is to disburse the funds within 14 days of receipt. If grant funds are requested and the loan disbursement is subsequently delayed, a grant recipient may hold the funds up to 30 days from the date of receipt, but should return the funds if disbursement of the grant funds is unlikely within the 30 day period. Returned funds will be normally available to the grant recipient for future drawdown. When returning prematurely drawn funds, checks should identify on their face the name of the grantor agency - "EDA" followed by the grant award number and the words "Premature Draw." The grant recipient may also indicate, if a cover letter is sent, that a credit in the amount of the check is to be made to the grant award number for future drawdown. Checks should be submitted to:

ECONOMIC DEVELOPMENT ADMINISTRATION  
P.O. BOX 100202  
ATLANTA, GEORGIA 30384

As stated above, the nonfederal matching share must be disbursed either proportionately with the EDA grant funds or at a faster rate. Interest earned on prematurely drawn grant funds must be returned to EDA at least quarterly for deposit in the U.S. Treasury. *(Note: Grantees may deduct and retain a portion of such earned interest for administrative expenses up to the maximum amounts allowed under either 15 CFR Part 24 or OMB Circular A-110 or its implementing Department regulation, as applicable).* Returned interest payments should indicate on the face of the check



“EDA” followed by grant award number and the word “Interest”. Checks for interest should be submitted to the same Atlanta, Georgia address as above.

To request a grant disbursement by the ACH/EFT method, a grant recipient must submit a completed Request For Advance or Reimbursement, Standard Form 270 to the EDA Regional Office using the attached Special Instructions (Exhibit B) which are specific to RLF grants. Grant recipients may generally expect to have funds available for subsequent disbursement from five to ten working days after the EDA Regional Office receives the SF 270.

C. PRINCIPAL REPAYMENTS DURING GRANT DISBURSEMENT PHASE

Principal repayments from active RLF loans that are received by the grant recipient must be placed immediately in the loan fund to be available for relending only. As each new loan is made, the grant recipient may request a disbursement of grant funds only for the *difference*, if any, between the amount of funds available for relending (from repayments of loan principal and RLF Income) and the amount of the new loan, *less* an amount for local matching funds as may be required to be disbursed concurrent with the grant (refer to Section V.B for matching fund requirements). However, RLF Income received during the current period (as defined in Section VII.A) may be held for the duration of the period to cover eligible administrative expenses, and need not be disbursed in order to draw additional grant funds.

D. LOAN CLOSING/DISBURSEMENT SCHEDULE

RLF loan activity must be sufficient to draw down grant funds in accordance with the prescribed time schedule for loan closings and disbursements to eligible RLF borrowers. Unless otherwise stated in the grant agreement, the time schedule requires that the initial round of lending (i.e., the grant disbursement phase) be completed within three (3) years of the grant award with no less than 50 percent of the grant funds, and of the nonfederal matching share, disbursed within eighteen months and 80 percent within two years.

Should the grant recipient substantially fail to meet any of the prescribed deadlines, additional grant funds will not be disbursed unless (1) funds are needed to close and disburse funds on loans *approved* prior to the deadline and will be disbursed within 45 days of the deadline, (2) funds are needed to meet continuing disbursement obligations on loans *closed* prior to the deadline, or (3) EDA has approved a time schedule extension.

*(Note: An approved loan is defined as a loan that has been approved by the RLF loan board but has not been closed. A loan is closed when the loan agreement and note have been signed by the borrower. The full amount of a loan may be disbursed to the borrower at the time of loan closing, or may be disbursed in installments and under conditions specified in the loan agreement.)*

E. TIME SCHEDULE EXTENSIONS

Grant recipients are responsible for contacting EDA as soon as conditions become known that may materially affect their ability to meet any of the required disbursement deadlines. Except under the conditions described, a grant recipient is required to submit a written request for continued use of

grant funds beyond the missed deadline. Extension requests must provide good reason for the delay and demonstrate that

1. the delay was unforeseen or generally beyond the control of the Recipient,
2. the need for the RLF still exists,
3. the current or planned use, and anticipated benefits of the RLF remain consistent with the current adjustment strategy and RLF Plan, and
4. achievement of a new proposed time schedule is reasonably possible and why no further delays are foreseen.

EDA is under no obligation to grant a time extension, and in the event an extension is denied, EDA will deobligate (terminate) all or part of the unused portion of grant.

By law, grant funds remain available to EDA for disbursement only until September 30 of the fifth year after the fiscal year of the grant award. No time extensions will be granted beyond that time and any undisbursed funds remaining will be deobligated.

## **X. CAPITAL UTILIZATION STANDARD**

### **A. DEFINITION**

During the revolving phase, grant recipients are expected to manage their repayment and lending schedules to maximize the amount of capital loaned out or committed at all times. Under normal circumstances, at least 75 percent of an RLF's capital should be in use. [RLF Income earned during the current period (as defined in Section VII.A) is not included as RLF capital.] EDA may recognize exceptions for RLFs whose Plan calls for making loans that are large relative to the size of the capital base. RLFs with capital bases in excess of \$4 million are expected to maintain a proportionately higher percentage of their funds loaned out. The percentage will be determined by EDA on a case-by-case basis.

When the percentage of capital loaned out falls below the applicable standard, the dollar amount of the funds equivalent to the difference between the actual percentage of capital loaned out and the standard is referred to as "excess funds."

### **B. DEVIATION**

In the event that there are excess funds at the time a semiannual report is due, the grant recipient must submit an explanation of the situation with the report, and if there is a significant deviation from the standard, as determined by EDA, the grant recipient must describe the remedial action to be taken.

### **C. SEQUESTRATION OF EXCESS FUNDS**

At any time subsequent to a second consecutive report showing that the applicable standard has not been met, EDA may require the grant recipient to deposit excess funds in an interest bearing account; that portion of the interest earned on that account, attributable to the EDA grant, will be remitted to the U.S. Treasury. EDA approval will be required to withdraw sequestered funds.

### **D. PERSISTENT NONCOMPLIANCE**

EDA will normally give the grant recipient a reasonable period of time to loan the excess funds and achieve the standard. However, when a grant recipient fails to achieve the applicable standard after a

reasonable period of time, as determined by EDA, the grant will be subject to sanctions for suspension and/or termination as described in Section XII of this Manual.

## **XI. MONITORING**

EDA monitors grant recipients for compliance with the Terms and Conditions of the grant, for performance against national norms and individual portfolio standards, and for the contribution of the RLF to the area's economic adjustment process. Monitoring and performance assessments are based on periodic reports submitted by the grant recipients, organizational and Federal audits, and site visits by EDA staff.

### **A. REPORTS**

1. **GRANT STATUS REPORTS:** Grant recipients are required to submit standard Federal grant status reports to EDA *during the grant disbursement phase* as specified in the Terms and Conditions of the grant agreement. These include:
  - a. Standard Form 270, Request for Advance or Reimbursement, which is submitted each time a grantee needs to draw Federal funds (see Section IX.B and Exhibit B); and
  - b. Standard Form 272, Federal Cash Transactions Report (Exhibit C), which is due within 15 days following the end of each calendar quarter and shows the status of grant funds. Failure to submit a Standard Form 272, when due, will prevent a grant recipient from obtaining funds until the form is submitted.
2. **FINANCIAL AND PERFORMANCE REPORTS:** All grant recipients are required to complete and submit Financial and Performance Reports (Exhibit D) semiannually unless otherwise notified by EDA.
  - a. **Initial Report:** For grants, other than recapitalizations, awarded between October 1, and March 31, the initial report due date is the following October 31. For grants awarded between April 1 and September 30, the initial report due date is the following April 30.
  - b. **Subsequent Reports:** After the initial report, the semiannual report is due on October 31, for the period of loan activity ending September 30, and April 30, for the period ending March 31.

Generally, RLF grant recipients will be required to submit reports to the EDA Regional Office every six months for a minimum of one year after disbursement of all grant funds, after which a grant recipient may be eligible for "graduation" to a shorter, *annual* reporting format (Exhibit E). Grant recipients must request this in writing. Recipients of recapitalization grants shall report on the full amount of their RLF funds in each subsequent semiannual or annual report submitted.

3. **ANNUAL REPORTS:** For grant recipients graduated to an annual reporting schedule, the report covers the twelve month period ending September 30, and is due October 31. The annual reporting requirement continues through the life of an RLF unless EDA determines that

more frequent or detailed reports are needed for closer monitoring of grant violations or other problems. *Note that the annual report requires documentation of capital utilization at semiannual intervals pursuant to the requirements of Section X.*

4. SPECIAL REPORTS: Special reports to enable EDA monitoring of compliance issues arising from audits, site visits, or other reviews may be requested from the grant recipient in writing on a case by case basis.

First time grant recipients may be required to submit periodic reports on their progress in initiating RLF activity, prior to the due date of the first semiannual report.

## B. AUDITS

Grant recipients are subject to the following audit requirements for the duration of the RLF.

1. In accordance with the terms and conditions of the grant award, the grant recipient shall arrange for a **Single Audit** as referenced in the RLF Audit Guidelines and OMB Circular A-133. Such audits should be conducted by an independent auditor who meets the general standards specified in generally accepted government auditing standards. With the exception of newly awarded grants and **limited** circumstances described in the RLF Audit Guidelines, the majority of RLF grant recipients will require an annual audit.

Pursuant to the Single Audit Act Amendments of 1996 (P.L. 104-156), and OMB Circular A-133, as codified in DOC Regulations found at 15 CFR Part 29, audits are required of all State, local government and non-profit corporation RLF grant recipients that expended total Federal awards of **at least \$300,000** in a given fiscal year. For all RLF grants, the calculation of RLF expenditures will include the beginning balance of all outstanding loans plus the current year's loan and loan-related expenditures. The cost principles to be followed are contained in OMB Circulars A-21, A-87 or A-122, as applicable.

Audit requirements for RLF's are summarized in the EDA RLF Audit Guidelines which should be made available to the auditor prior to the audit engagement. Failure to comply with these requirements could result in an unacceptable audit.

2. The U.S. Department of Commerce Office of Inspector General (OIG) may audit, inspect, or investigate an RLF grant at any time.

## C. SITE VISITS

EDA will periodically schedule site visits to review the grant recipient's operating procedures, monitor progress and evaluate the effectiveness of the RLF in supporting the area's economic adjustment process and strategic objectives.

## **XII. NONCOMPLIANCE WITH THE GRANT TERMS**

### **A. SUSPENSION**

EDA may suspend RLF lending activity when EDA determines that a grant recipient has failed to comply with the grant terms. Before suspending a grant, EDA may give the grant recipient a reasonable period of time in which to take the necessary corrective action to comply with the grant terms. However, should it appear that the grant recipient had not taken or will not take the necessary action, and/or that continued operation of the RLF would place the assets at risk, EDA may suspend the grant immediately. Upon suspension, the grant recipient will be prohibited from any new lending activity, although normal loan servicing and collection efforts will continue. In addition, the grant recipient may be subject to restrictions on the use of RLF Income and specific actions to protect the RLF assets may be required.

In the event that the compliance problems are not resolved during the suspension period, EDA will attempt to resolve the issues through means including working with the Recipient to identify a successor to assume responsibility for administering the RLF in accordance with the terms of the original grant agreement. If issues cannot be resolved, EDA will initiate proceedings to terminate the grant for cause.

### **B. TERMINATION FOR CAUSE**

EDA may terminate an RLF grant for cause with or without prior suspension of lending activity.

### **C. PARTIAL TERMINATION**

When EDA determines, after a reasonable period of time, that a grant recipient is unable or unwilling to use the full amount of the grant funds or of the RLF capital and RLF Income thereby generated, EDA may partially terminate the grant if EDA determines that the remaining capital is sufficient to support continuation of an effective RLF operation.

When a grant recipient fails to complete the initial round of lending in the time schedule provided in the grant agreement, the unused grant funds may be deobligated and the grant award amended to reflect the reduced grant amount. The nonfederal matching share will be expected to remain in the RLF unless otherwise specified in the grant agreement or agreed to in writing by EDA.

Grant recipients in the revolving phase who persistently fail to make maximum use of the available RLF capital, as defined by the applicable capital utilization standard in Section X, will be required to return excess funds, in an amount determined by EDA, to the U.S. Treasury. This amount will not be greater than EDA's proportionate share of the excess funds sequestered at the time. The grant award will be amended to reflect the reduced amount of EDA's participation.

## **XIII. TERMINATION FOR CONVENIENCE**

A grant recipient has the right to request termination for convenience of the grant, in whole, or in part, at any time. Termination is undertaken without prejudice to the grant recipient upon agreement of both parties that the purpose of the grant would not be served by further expenditure of funds, and in the case of a partial termination, EDA determines that sufficient funds remain to permit an effective RLF operation. The Federal share of the funds must be returned to the U.S. Treasury as described below in Section XIV.

#### **XIV. RECOVERY OF EDA INTEREST IN THE RLF ASSETS**

In case of termination, for cause or convenience, EDA has the responsibility, on behalf of the Federal Government, to recover its fair share of the value of the RLF assets consisting of cash, receivables, personal and real property, and notes or other financial instruments developed through use of the funds. EDA's fair share is the amount computed by applying the percentage of EDA participation in the total capitalization of the RLF to the current fair market value of the assets thereof; provided that with EDA's approval the Recipient may use for other economic development purposes that portion of such RLF property which EDA determines is attributable to the payment of interest on RLF loans and not used by the Recipient for administrative or other allowable expenses. In addition, EDA has the right to compensation, over and above its share of the current fair market value of the assets, when it is determined that the value of such assets has been reduced by the improper/illegal use of grant funds.

#### **XV. SALE OR SECURITIZATION OF LOANS**

Grant recipients may, with EDA's prior written consent, further the objectives of the RLF through the sale of loans or securitization of the loan portfolio to generate money to be used for additional loans as part of the RLF. A grant recipient contemplating such an action is advised to consult with EDA prior to development of a formal proposal.

In the event of the sale, collection, or liquidation of loans, any proceeds, net of repaid principal and reasonable administrative costs incurred, up to the amount of the outstanding loan principal, must be returned to the RLF for relending. Any net proceeds from loan sales above the outstanding loan principal is considered RLF Income and must either be added to the RLF capital base for lending or used to cover eligible costs for administering the RLF in accordance with the rules for use of RLF Income.

#### **XVI. APPENDIX**

THE FOLLOWING REFERENCE MATERIALS AND REQUIRED OR SAMPLE REPORTING FORMATS ARE AVAILABLE FROM EDA:

##### OMB CIRCULARS AND CFR'S (LIST OF REPRINTS)

15 CFR Part 24, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments

OMB Circular A-87, Cost Principles for State and Local Governments

15 CFR Part 29a, Audit Requirements for State and Local Governments

15 CFR Part 29b, Audit Requirements for Institutions of Higher Education and Other Nonprofit Organizations

OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations

OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations Uniform Administrative Requirements

OMB Circular A-122, Cost Principles for Nonprofit Organizations

OMB Circular A-21, Cost Principles for Educational Institutions

48 CFR Part 31, Contract Cost Principles and Procedures

15 CFR Part 26, Governmentwide Debarment and Suspension and Governmentwide Requirements for Drug Free Workplace

## **XVII. EDA REFERENCE MATERIALS AND REPORTING FORMATS**

EXHIBIT A: RLF Income and Expense Statement with Instructions

EXHIBIT B: Request for Advance or Reimbursement (SF-270) with EDA Special Instructions

EXHIBIT C: Federal Cash Transaction Report (SF-272)

EXHIBIT D: Semiannual Report for RLF Grants with Instructions

EXHIBIT E: Annual Report for RLF Grants with Instructions

**EXHIBIT A****RLF INCOME AND EXPENSE STATEMENT**For The (Most Recent) 12 Month  
Period Ended: \_\_\_\_\_

	Most Recent Period	Prior Period
1. RLF INCOME	\$	\$
2. EXPENSES CHARGED TO RLF INCOME		
a. Employee Salaries	\$	\$
b. Employee Fringe Benefits	\$	\$
c. RLF-related Travel	\$	\$
d. Loan Processing/Closing Costs	\$	\$
e. Professional Services	\$	\$
f. Marketing	\$	\$
g. RLF Staff Training	\$	\$
h. Equipment - Rental	\$	\$
- Acquisition	\$	\$
I. Space (rent)	\$	\$
j. Audit	\$	\$
k. Indirect Costs	\$	\$
l. Other (Specify)	\$	\$
3. <b>TOTAL EXPENSES</b> (sum 2.a thru 2.l)	\$	\$
4. <b>NET RLF INCOME</b> (1 minus 3)	\$	\$
5. Cumulative <b>NET RLF INCOME</b>	\$	\$
6. EXPENSES as % of RLF INCOME (3/1)	%	%
7. For the current 12 month period, provide an estimate of projected RLF Income and the percentage expected to be used for RLF administrative expenses. Projected RLF Income: \$ _____ % for Administration: _____ %		
8. On a separate page, list all personnel positions which were funded partially or in full with RLF Income for the most recent period only; list the aggregate dollar amount for salaries and fringe benefits for each listed position, and the amount and percent which were funded by RLF Income.		

CERTIFICATION OF AUTHORIZED REPRESENTATIVE (designated RLF Administrator or Chief Financial Officer): I certify that the above information and any attachments thereto are complete and accurate to the best of my knowledge.

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name and Position: \_\_\_\_\_



**EXHIBIT A (back)**

**INSTRUCTIONS FOR  
RLF INCOME AND EXPENSE STATEMENT**

The RLF INCOME AND EXPENSE STATEMENT is to be used by recipients of revolving loan fund (RLF) grants provided by the Economic Development Administration (EDA), U.S. Department of Commerce. The Statement is to be completed for each year in which a grantee uses income generated from RLF activities to pay for RLF administrative expenses. It should be completed within 90 days of a grant recipient's fiscal year end or September 30. The period will be selected by the grant recipient; once selected, it may not be changed without the prior approval of EDA. Instructions for submitting the Statement are included in the EDA Administrative Manual, Section VII. Expenses charged to RLF income sources must be eligible under the terms of the grant and must comply with applicable OMB cost principles and the EDA RLF Audit Guide. For grantees completing the Statement for the first time, or which did not charge any expenses against RLF income sources in a prior period, complete only the second column marked "Most Recent Period" and answer questions 7. And 8.

Except for the items explained below, all items on the Statement are self-explanatory or are adequately addressed in the RLF Audit Guide and applicable OMB Cost Principles.

Item	Entry
1	"RLF INCOME" includes all interest earned on outstanding loan principal, interest earned on accounts holding idle RLF funds, and loan fees and other loan-related earnings.
2d	Enter the amount of grantee out-of-pocket costs which were necessary to process and close RLF loans. These costs may include such costs for credit reports, title insurance, Uniform Commercial Code searches, filing fees, appraisals, etc., which are recorded in the grantee's accounting records. Any costs <i>not</i> recorded in the grantee's accounting records, e.g., those paid directly by a borrower to a third party, or those that were netted against loan fees (thereby reducing reported income), need not be reported here.
2g	Enter the costs charged to RLF Income for RLF-related training for employees involved in RLF operations. These costs may include training materials, textbooks, tuition and registration fees. Any training-related travel costs should be reported in Item 2c.
5	"Cumulative NET RLF INCOME" includes all RLF Income earned during the life of the RLF that was not used for RLF administrative expenses. The amount reported should be inclusive of the NET RLF INCOME reported in Item 4. (The Cumulative NET RLF INCOME for the most recent period should equal the sum of the amounts in Item 5 for the prior period and in Item 4 for the most recent period.

**EXHIBIT B**

<b>REQUEST FOR ADVANCE OR REIMBURSEMENT</b>  (See Instructions on back)		OMB Approval NO. <b>0348-0004</b>		Page	of
		1. TYPE OF PAYMENT REQUESTED  A. "X" ONE OR BOTH BOXES <b>9</b> Advance <b>9</b> Reimbursement  b. "X" the applicable box <b>9</b> Final <b>9</b> Partial		2. BASIS OF REQUEST  <b>9</b> CASH  <b>9</b> ACCRUAL	
3. FEDERAL SPONSORING AGENCY AND ORGANIZATION ELEMENT TO WHICH THIS REPORT IS SUBMITTED		4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY		5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST	
6. EMPLOYER IDENTIFICATION NUMBER	7. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER	8. <b>PERIOD COVERED BY THIS REQUEST</b>			
		FROM (mont, day, year)		TO (month, day, year)	
9. RECIPIENT ORGANIZATION  NAME:  NUMBER AND STREET:  CITY, STATE and ZIP CODE:		10. PAYEE (where check is sent is different than item 9)  NAME:  NUMBER AND STREET:  CITY, STATE and ZIP CODE:			
<b>11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED</b>					
PROGRAMS/FUNCTIONS/ACTIVITIES	(a)	(b)	(c)	<b>TOTAL</b>	
a. Total Program Outlays to Date (as of date)	\$	\$	\$	\$	
b. Less: Cumulative program income					
c. Net program outlays (Line a minus line b)					
d. Estimated net cash outlays for advance period.					
e. Total (Sums of lines c & d)					
f. Non-Federal share of amount on line e.					
g. Federal share of amount on line e.					
h. Federal payments previously requested					
i. Federal share now requested (Line g minus line h)					
j. Advances required by month, when requested by Federal grantor Agency for use in Making prescheduled advances	1st month				
	2nd month				
	3rd month				
<b>12. ALTERNATE COMPUTATION FOR ADVANCES ONLY</b>					
a. Estimated Federal cash outlays that will be made during period covered by the advance				\$	
b. Less: Estimated balance of Federal cash on hand as of beginning of advance period					

c. Amount requested ( <i>Line a minus line b</i> )	\$
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## EXHIBIT B (back)

### CERTIFICATION

I certify that to the best of my knowledge and belief the data on the reverse are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.

Signature of Authorized Certifying Official

Date Request Submitted

Typed or Printed Name and Title

Telephone (Area Code, Number, Extension)

This Space for Agency Use

*Public reporting burden for this collection of information is estimated to average 60 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the OFFICE of Management and Budget, Paperwork Reduction Project (0348-0004), Washington, DC 20503.*

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET, SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

### INSTRUCTIONS

Please type or print legibly. Items 1, 3, 5, 9, 10, 11c, 11e, 11f, 11g, 11i, 12 and 13 are self explanatory; specific instructions for other items are as follows:

Item	Entry
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2. Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.

4. Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.

6. Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (institution) code if requested by the Federal agency.

7. This space is reserved for an account number or other identifying number that may be assigned by the recipient.

8. Enter the month, day and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.

Note: The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.

11. The purpose of the vertical columns (a), (b), and (c), is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function or activity. If

Item	Entry
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additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.

11a. Enter in "as of date", the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to

subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contracts, subgrantees and other payees.

- 11b Enter the cumulative cash income received to date, if requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.
- 11d Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.
- 13 Complete the certification before submitting this request.

STANDARD FORM 270 BACK (Rev. 2-92)

**SPECIAL INSTRUCTIONS FOR COMPLETION OF STANDARD FORM 270  
FOR  
EDA REVOLVING LOAN FUND GRANTS**

These instructions apply to revolving loan fund (RLF) grants funded by the economic Development Administration (EDA). U.S. Department of Commerce, under the Section 209 of the Public works and Economic Development Act of 1965, as amended. RLF grant recipients are required to use Standard Form 270 to draw grant funds when needed to disburse to RLF borrowers. Funds may be drawn only for immediate use (i.e., when the intent is to disburse the funds within 14 days of receipt), and only to the extent that the recipient does not have funds on hand from loan repayments and certain RLF income sources to cover the proposed disbursement request. (See below and EDA's RLF Administrative Manual, Section IX., for further details). Grant funds not disbursed within 30 days of receipt must be returned to EDA. Items 1b, 3, 9, 11c, 11e, and 11i are self-explanatory; specific instructions for other items follow.

ITEM	ENTRY
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- |    |                                                                                                                                                                                                                                                                                                                                                   |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1a | Indicate whether the request is for a reimbursement or an advance. (Note the RLF disbursements are normally considered reimbursements as a reimbursable obligation is created at the time of loan approval. A request for an advance may be requested under special circumstances.                                                                |
| 2  | Disregard.                                                                                                                                                                                                                                                                                                                                        |
| 4  | Enter the Federal grant number or other , or other identifying number assigned by EDA. If the reimbursement or advance is for more than one grant or other agreement, insert N/A; then show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement. |
| 5  | Enter in numerical order the number of this disbursement request. Begin with the number "1" for each new grant.                                                                                                                                                                                                                                   |
| 6  | Enter the employer identification number assigned by the US Internal Revenue Service, or the FICE (institution) code if requested by EDA.                                                                                                                                                                                                         |
| 7  | This space is reserved for an account number or other identifying number that may be assigned by the grant recipient.                                                                                                                                                                                                                             |
| 8  | Disregard.                                                                                                                                                                                                                                                                                                                                        |

- 10 Enter "ACH/EFT" for funds disbursement by the Automated Clearing House Electronic Funds Transfer System. For further details, refer to Section E.02 of the RLF Standard Terms and Conditions.
- 11 The purpose of the vertical columns (a), (b), and (c) is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or activity. If additional columns are needed, use as many additional forms as needed and indicate the page number in the space provided in upper right; if more than one column is used, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.
- 11a Enter in "as of date", the month, day and year of the ending of the accounting period to which this amount applies. Enter the amount of cumulative outlays for RLF loans from the following sources: EDA RLF grant funds, matching funds, and program income (defined in Section VII.A of the RLF Administrative Manual).

Include ***actual, pending*** (previous outlay requests that have not yet been disbursed) and ***proposed*** (those proposed under this request) outlays. For recapitalized RLFs - those where a subsequent EDA RLF grant was made to the same recipient - treat cumulative outlays as beginning with the inception of the RLF.

11b Cumulative Program Income, as defined below, must be used before or concurrent with the disbursement of new grant funds (pursuant to Section IX of the RLF Administrative Manual). Cumulative Program Income is a *net* figure computed, as follows:

- + Cumulative Principal Repaid\*
- + Cumulative RLF Income Received\*\*
- Cumulative Administrative Cost Expensed to RLF Income\*\*\*

Footnotes:

- \* This is the cumulative RLF loan principal that has been repaid from inception of the RLF.
- \*\* This includes all RLF Income earned and received from inception of the RLF. Current period RLF Income on hand may be excluded from this amount if any portion of it is anticipated to be used during the remainder of the current period. Note that failure to exclude these funds here will increase Cumulative Program Income (line 11b) which will lower the amount of grant funds to be requested for disbursement (line 11i). Any RLF Income available at the end of a period is required to be added to the RLF capital base for lending.
- \*\*\* Enter all administrative costs Expensed to RLF Income from Inception of the RLF.

#### Definitions

**Program Income** - is the sum of all RLF principal repayments plus RLF Income (defined below).

**RLF Income** - includes all RLF-generated income from loan fees, interest earned on loans and on accounts holding idle RLF funds, and other loan-related earnings.

**Period** - refers to the 12-month reporting period by each grant recipient; it may end on either September 30 or the grantee's fiscal year-end date. (Refer to Section VII.C.2. of RLF Administrative Manual.

- 11d Enter "0" unless an advance of grant funds is being requested - see Item 1a above.
- 11f Enter the total amount of the matching funds previously expended plus matching funds to be disbursed as part of this request (and any previous pending request, if applicable). When calculating this amount, note that the matching funds amount in 11f as a percent of the amount on line 11c may not be less than the percentage relationship between the aggregate of matching funds and of total project costs indicated in the grant award(s). Matching funds must be expended either before or at least proportionately with EDA grant funds.
- 11g Enter the EDA share of the amount on line 11e. This should be the difference between the amounts on lines 11e and 11f.
- 11h Enter the amount of EDA funds previously requested. This should be equal to the amount reported in Item 11g of the previous SF 270 submitted by the recipient.
- 12 Disregard.
- 13 In the space indicated for "agency use" or on a separate page, provide the following disbursement information:
- a. Indicate whether the RLF identified in Section 4 is an "initial" or "recapitalization" RLF grant. If an initial grant, show the EDA grant funds expended as a percent of total expenditures by dividing the amount reported in Item 11g by the amount reported in Item 11e. If a recapitalization grant, show both the EDA and the matching fund dollar outlays (including actual and proposed outlays) for the grant under disbursement; also show the percentage of EDA dollar outlays to total dollar outlays for the grant under disbursement.
  - b. If any previously requested grant funds have been received but not disbursed, list the date of receipt and the amount remaining to be disbursed. If not applicable, type "NA".
  - c. List the RLF borrowers and the respective RLF dollar amounts anticipated to be disbursed under this request.



**EXHIBIT C**

<b>FEDERAL CASH TRANSACTIONS REPORT</b>  <i>(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)</i>		OMB APPROVAL NO. 0348-0003	
		1. Federal sponsoring agency and organizational element to which this report is submitted.	
<b>2. RECIPIENT ORGANIZATION</b>  <i>Name:</i>  <i>Number and Street:</i>   <i>City, State and Zip Code:</i>	4. Federal grant or other identification number.	5. Recipient's account number or identifying number.	
	6. Letter of credit number	7. Last payment voucher number	
	Give total number for this period.		
	8. Payment Vouchers credited to your account.	9. Treasury checks received (whether or not deposited).	
	<b>10. PERIOD COVERED BY THIS REPORT</b>		
<b>3. FEDERAL EMPLOYER IDENTIFICATION NO. *</b>	From (month, day, year)	TO: (month, day, year)	
<b>11. STATUS OF FEDERAL CASH</b>  <i>(See Specific Instructions On Back)</i>	a. Cash on hand beginning of reporting period	\$	
	b. Letter of credit withdrawals		
	c. Treasury check payments		
	d. Total receipts (Sum of lines b and c)		
	e. Total cash available (Sum of lines a and d)		
	f. Gross disbursements		
	g. Federal share of program income		
	h. Net disbursements (Line f minus line g)		
	I. Adjustments of prior periods		
	j. Cash on hand end of period	\$	
<b>12. The AMOUNT SHOWN ON LINE 11j, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING DAYS</b>	<b>13. OTHER INFORMATION</b>		
	a. Interest income	\$	
	b. Advances to subgrantees or subcontractors	\$	
<b>14. REMARKS</b> <i>(Attach additional sheets of plain paper, if more space is required.)</i>			
<b>15. CERTIFICATION</b>			
I certify to the best of my knowledge and belief that this report is true in all aspects and that all disbursements have been made for the purpose and conditions of the grant or agreement.	<b>AUTHORIZED</b>	SIGNATURE	DATE REPORT SUBMITTED
	<b>CERTIFYING OFFICIAL</b>	TYPED OR PRINTED NAME AND TITLE	TELEPHONE ((Area Code, Number, Extension)



THIS SPACE FOR AGENCY USE

NSN 7540-01-016-5435  
272-102

STANDARD FORM 272 (RV. 2-92)  
PRESCRIBED BY OFFICE OF MANAGEMENT AND BUDGET

## INSTRUCTIONS

Public reporting burden for this collection of information is estimated to average 120 minutes per response, including timer for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0003), Washington, DC 20503

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET, SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

Please type or print legibly, Items 1, 2, 8, 9, 10, 11d, 11e, 11h, and 15 are self explanatory, specific instructions for other items are as follows:

<i>Item</i>	<i>Entry</i>	<i>Item</i>	<i>Entry</i>
3	Enter employer identification number assigned by the U.S. Internal Revenue Service or the FIC (institution) code.  If this report covers more than one grant or other agreement, leave items 4 and 5 blank and provide the information on Standard Form 272-A, Report of federal Cash Transactions - Continued; otherwise;		Share of benefits if treated as a direct cost, interdepartmental charges for supplies and services, and the amount to which the recipient is entitled for indirect costs.
4	Enter Federal grant number, agreement number, or other identifying numbers if requested by sponsoring agency.	11g	Enter the Federal share of program income that was required to be used on the project or program by the terms of the grant or agreement.
5	This space reserved for an account number or other identifying number that may be assigned by the recipient.	11i	Enter the amount of all adjustments pertaining to prior periods affecting the ending balance that have not been included in any lines above. Identify each grant or agreement for which adjustment was made, and enter an explanation for each adjustment under "Remarks". Use plain sheets of paper if additional space is required.
6	Enter the letter of credit number that applies to this report. If all advances were made by Treasury check, enter "NA" for not applicable and leave items 7 and 8 blank.	11j	Enter the total amount of Federal cash on hand at the end of the reporting period. This amount should include all funds on deposit, imprest funds, and undeposited funds (line 3, less line h, plus or minus line I).
7	Enter the voucher number of the last letter-of-credit payment voucher (Form TUS 5401) that was credited to your account.	12	Enter the estimated number of days until the cash on hand, shown on line 11j, will be expended. If more than three days cash requirements are on hand, provide an explanation under "Remarks" as to why the drawdown was made prematurely, or other reasons for the excess cash. The requirement for the explanation does not apply to prescheduled or automatic advances.
11a	Enter the total amount of Federal cash on hand at the beginning of the reporting period including all of the Federal funds on deposit, imprest funds, and undeposited Treasury checks.		
11b	Enter total amount of Federal funds received through payment vouchers (Form TUS 5401) that were credited to your account during the reporting period.	13a	Enter the amount of interest earned on advances of Federal funds but not remitted to the Federal agency. If this includes any amount earned and not remitted to the Federal sponsoring agency for over 60 days, explain under "Remarks". Do not report interest earned on advances to States.
11c	Enter the total amount of all Federal funds received during the reporting period through Treasury checks, whether or not deposited.		
11f	Enter the total Federal cash disbursements, made during the reporting period, including cash received as program income. Disbursements as used here also include the amount of advances and payments less refunds to subgrantees or contractors, the gross amount of direct salaries and wages, including the employee's	13b	Enter amount of advance to secondary recipients included in item 11h.
		14.	In addition to providing explanations as required above, give additional explanation deemed necessary by the recipient and for information required by the Federal sponsoring agency in compliance with governing

legislation. Use plain sheets of paper if additional space is required.

STANDARD FORM 272 (BACK)(REV. 2-92)

**EXHIBIT D****SEMIANNUAL REPORT FOR EDA-FUNDED RLF GRANTS**

Grantee Name:	Period Ending:
Project No.:	Contact Person:
	Phone:

**PART I: PORTFOLIO STATUS (000'S)****A. Status of Direct Loans**

	(1)	(2)	(3)	
	#	RLF \$ Loaned	RLF Principal Outstanding	
1. Total Loans Made		\$	\$	
2. Fully Repaid		\$	\$	
3. Current		\$	\$	
4. Delinquent (<60 Days)		\$	\$	
5. In Default (>60 Days)		\$	\$	
6. Total Active Loans (Add lines 3, 4 & 5)		\$	\$	
7. Total Written Off		\$	\$	(Amount Lost)

**B. Status of Loan Guarantees:**

	#	RLF\$ Reserved	Total Amount Guaranteed	Current Exposure
1. Total Loans Guaranteed		\$	\$	
2. Fully Repaid		\$	\$	
3. Current		\$	\$	\$
4. Delinquent (<60 Days)		\$	\$	\$
5. In Default (>60 Days)		\$	\$	\$
6. Total Active Guarantees (Add lines 3, 4 & 5)		\$	\$	\$
7. Total Written Off			\$	\$
				(Amount Lost)

## PART II: PORTFOLIO SUMMARY

**A. Summary of Loan Activities:** Provide information below on **Total Loans** and **Active Loans** closed to date. This section provides an overview of the RLF's Progress in Meeting program and grant objectives as well as identifying results of **Core Performance Measures** outlined in Section F.01. of the RLF Standard Terms and Conditions. It also shows trends by comparing the total and active loan portfolios.

	Total Loans		Active Loans
1. # RLF Loans:			
2. RLF \$\$ Loaned:	\$		\$
3. Non-RLF \$\$ Leveraged by RLF:			
a. Private	\$		\$
b. Other	\$		\$
c. Total Leveraged \$\$ (a + b)	\$		\$
4. Total Project Financing (2 + 3c)	\$		\$
5. Private Sector Jobs:			
a. Created (Actual)			
b. Saved			
c. Actual + Saved (a + b)			
6. RLF \$\$ Loaned for Fixed Assets:	\$		\$
7. RLF \$\$ Loaned for Working Capital:	\$		\$
8. RLF \$\$ Loaned for:			
a. Start-up	\$		\$
b. Expansion	\$		\$
c. Retention	\$		\$
9. RLF \$\$ Loaned for:			
a. Industrial	\$		\$
b. Commercial	\$		\$
c. Service	\$		\$
10. RLF \$\$ Loaned to Minority Businesses:	\$		\$
11. RLF \$\$ Loaned to Women-Owned Businesses:	\$		\$
12. Other Targets (Specify):	\$		\$

**B. Comparison of RLF Portfolio to RLF Plan:** In column one below, fill in the spaces by providing information from the "Targeting", "Standards" and "Financing" sections of the RLF Plan. If an item is not included in the RLF Plan, and therefore not applicable, indicate this by placing N/A in column one. In columns two and three, use the figures obtained in Part II.A. above to compute the ratios and percentages for Total and Active Loans, respectively. Formulas for the computations are indicated in the brackets next to each item. Discuss any significant deviations between columns one and two.

	<u>RLF Plan</u>		<u>Total Loans</u>		<u>Active Loans</u>	
1. Cost per Job (A2/A5c)	\$		\$		\$	
2. Non-RLF Leverage Ratios:						
a. Private (A3a/A2)	:		:		:	
b. Private & Other (A3c/A2)			:		:	
3. % Working Capital Loans (A7/A2)		%		%		%
4. % Loans in Eligible Target Area	100	%		%		%
5. RLF Portfolio Targeting						
a. % Start-ups (A8a/A2)		%		%		%
b. % Industrial (A9a/A2)		%		%		%
c. % Minority Owned (A10/A2)		%		%		%
d. % Women-Owned (A11/A2)		%		%		%
e. % Other (A12/A2)		%		%		%

### PART III: PORTFOLIO FINANCIAL STATUS

#### A. RLF Funding Sources

1. EDA	\$	
2. Grantee	\$	
3. Other - Specify:	\$	
4. Total RLF Funding (sum of 1-3)	\$	

#### B. Program Income Earned to Date:

5. Interest Earned on Loans:	\$	
6. Earnings from Accounts:	\$	
7. Fees Charged:	\$	
8. Total Program Income (sum of 5-7)	\$	
9. How much of Total Program Income (line 8) has been used to cover administration costs to date?	\$	
10. How much of Total Program Income has been added to the RLF for lending (line 8 minus line 9)?	\$	

<b>C. Status of RLF Capital:</b>		
11. Total RLF Funding (line 4):	\$	
12. Program Income Added to RLF for lending (line 10):	\$	
13. Losses on Loans & Guarantees (amount lost from Part I.A.7 & b.7):	\$	
14. Current level or RLF Base Capital (sum of lines 11 & 12, less line 13):	\$	
<b>D. Current Balance Available for New Loans:</b>		
15. RLF Principal Outstanding on Loans (from Part I.A.6):	\$	
16. RLF \$\$ Reserved for Loan Guarantees (from Part I.B.6):	\$	
17. Current Balance Available (deduct amounts shown on lines 15 & 16 from Current level of Base Capital (line 14):	\$	
18. RLF \$\$ committed but not disbursed:	\$	
19. Current Balance Available (deduct amount on line 18 from line 17):	\$	
20. Current Balance Available (line 19) as a Percent of RLF Base Capital (line 14) - applies only to fully disbursed RLFs, otherwise enter N/A:		%
21. Same calculation as in line 20 above, but for preceding six month period (see prior Semiannual Report):		%
<i>Note: If lines 20 and 21 both exceed 25%, see instructions.</i>		

**PART IV: PORTFOLIO LOAN LIST**

Provide the following information for each RLF loan closed:

<b>Loan Recipient</b>	<b>Loan Type &amp; Description</b>	<b>Financing By Source (Specify)</b>
1. Borrower Name 2. Location (include city, county & state) 3. SIC Code - 4 Digit 4. Minority Owned 5. Woman Owned	1. Direct/Guaranty 2. Fixed Asset/Working Capital 3. Start-up, Expansion or Retention	1. RLF \$ 2. Other Public \$ 3. Private \$ 4. New Equity \$ 5. Total \$ 6. Amount Guaranteed \$
<b>Closing Date &amp; Loan Terms</b>	<b>Loan Status</b>	<b>Repayment Status</b>
1. Date Close 2. Term: Years 3. Interest Rate 4. Total Fees	1. Fully Repaid: Date 2. Current as of: Date 3. Delinquent: Days 4. Default: Days 5. Write-Off: Date	1. Principal Repaid 2. Interest Paid 3. Amount Delinquent 4. Amount Default 5. Amount Written-Off
<b>Job Impact</b>		
1. Pre-Loan jobs 2. Jobs Created 3. Jobs Saved 4. Minority jobs (Created/saved) 5. Women jobs (Created/Saved)		

**PART V: MISCELLANEOUS INFORMATION & CERTIFICATION****A. Recent Loan Activity (Last 12 Months Only)**

1. # Applications Received:	
2. # Applications Received from minority-owned firms:	
and Women-owned firms:	
3. # Loans closed:	
4. # Loans closed from Minority-owned firms:	
and Women-owned firms:	



<b>B. Capital Utilization (Section X. of RLF Administrative Manual)</b>			
		Complete as appropriate	
5. On page 4 of this Semiannual Report, if the percentages calculated in <b>both</b> D.20 and D.21 are greater than 25%, is an explanation attached discussing proposed actions (including target dates and goals) to reduce the amount of excess funds on hand? ( <i>Check one</i> )		YES	NO
6. If both D.20 and D.21 on page 4 of this Semiannual Report are greater than 25%, list the amount of excess funds subject to sequestration.	\$		
7. List any amount in #6 that has been sequestered in a separate account.	\$		
<b>C. RLF Income and Expenses (Section VII of RLF Administrative Plan)</b>			
		Complete as appropriate	
8. Enter the month and day of the accounting period which has been selected for reporting of RLF Income and Expenses in accordance with Section VII.C. of the RLF Administrative Manual.			
9. Enter the amount of RLF Income earned during the most recent 12 month period, which was designated in #8.	\$		
10. Enter the amount of RLF Income that was used for administrative costs during the most recent 12-month period, which was designated in #8.	\$		
11. Divide the administrative costs reported in #10 by the RLF Income reported in #9 and enter the percentage figure.		%	
12. If the percentage in #11 is larger than 50%, or the amount in #10 is greater than \$100,000, was an Income and Expense Statement submitted to EDA as required in Section VII.C.2. of the RLF Administrative Manual. ( <i>Check One</i> ) (If applicable and not sent, submit an Income and Expense Statement with this report.)	YES	NO	N/A
<b>D. Administration</b>			
		Complete as appropriate	
13. Any key Staff Turnover in the last 12 months? ( <i>Check One</i> ) List position(s):		YES	NO
14. Attach a list of the current RLF Loan Board membership by name, occupation, race and gender.			
15. Enter the ending date of the most recent independent Audit covering the recipient and indicate type of Audit, i.e., "Single" or "Program Specific".			

16. Attach the Audit referenced in #15 if it was not previously submitted to EDA.			
17. If the Audit referenced in #15 did not cover either the most recent or prior fiscal year end period, is an explanation attached? <i>(Check One)</i>		YES	NO
<b>E. ANNUAL RLF PLAN CERTIFICATION</b> (Section VIII of the RLF Administrative Manual and Section D.03 of the Standard Terms and Conditions)			
18. Is the required ANNUAL RLF Plan Certification attached? <i>(Check One)</i> If "no," indicate the date it will be submitted:		YES	NO
<b>F. COMPLIANCE WITH IMPLEMENTATION SCHEDULE (To be completed only if grant is not fully disbursed)</b>			
19. Is the actual grant implementation/disbursement progress in accordance with the schedule set forth by the Implementation Special Condition (or an EDA approved amendment thereto) required as a part of this grant award? <i>(Check One)</i> If "no," attach explanation.		YES	NO

CERTIFICATION: I hereby certify on this \_\_\_\_ day of \_\_\_\_\_, 19 \_\_, that the information provided in this Semiannual Report is true and correct to the best of my knowledge.

NAME AND TITLE OF AUTHORIZED OFFICIAL

SIGNATURE (Authorized Official)

Check Attachments Submitted:

- \_\_\_\_\_ Capital Utilization (#5 above)
- \_\_\_\_\_ Current Loan Board Membership (#14)
- \_\_\_\_\_ Copy of Audit (#16)
- \_\_\_\_\_ Audit Explanation (#17)
- \_\_\_\_\_ Annual RLF Plan Certification (#18)



7. **Total Written Off:** Enter the aggregate number and original amounts of defaulted loans that have been written off. Enter also the principal balance outstanding on loans written off or the actual amount lost, whichever is smaller.

**B. Status of Loan Guarantees:** The same criteria as above apply to the Status of Loan Guarantees. In column two, note that the “RLF \$ Reserved” are the RLF dollars that are actually set aside and held in reserve to cover any losses on guaranteed loans. In column three, “Total Amount Guaranteed” is the amount of the original loan that is/was guaranteed by the RLF. In column four, “Current Exposure” is the dollar amount of the RLF’s contingent liability as of the date of the current report; this amount is usually computed by multiplying the *percent* of the original guarantee by the outstanding loan balance.

## **PART II: PORTFOLIO SUMMARY**

**A. Summary of Loan Activities:** For each listed item, provide information on both Total and Active RLF loans closed to date. *Total Loans* include loans that are current, delinquent and in default, as well as those that have been fully repaid and written off. *Active Loans* include only current delinquent and defaulted loans, specifically those included in A.3-5. and B.3-5., Part I, page one, of the Semiannual Report.

1. **# RLF Loans:** Enter the number of RLF loans closed for both Total Loan (I.A.6. and I.B.6., page one) categories. Be sure to include the number of both direct *and* guaranteed loans closed.
2. **RLF \$\$ Loaned:** Enter the amount of RLF dollars loaned for both Total Loan (I.A.1. and I.B.1., page one) and Active Loan (I.A.6. and I.B.6., page one) categories. For loan guarantees, use column three, “Total Amount Guaranteed,” for the RLF dollar amount loaned.
3. **Non-RLF \$\$ Leveraged by RLF:**
  - a. **Private:** Enter the Private Dollars Leveraged for both Total and Active Loan categories. Unless stipulated otherwise in the grant agreement, RLF loans must be used to leverage private investment of at least two dollars for every one dollar of RLF investment. Private dollars leveraged include private financing and private investments provided to the “project” in which the RLF is an integral component. A “project” is defined as an activity consisting of interrelated components which share a common goal. Private investments include both cash provided to the project and donated assets which come from outside the borrowing enterprise. For donated assets, only the equity in the assets (defined as the assets’ market value less any security interest) may be counted in the leverage ratio. For purposes of calculating private dollars invested, 90 percent of the guaranteed portions of SBA 7 (a) and SBA 504 debenture loans may be included. As a reminder, the RLF must fill a legitimate financing gap in the project for the private funds to be considered “leveraged dollars”.
  - b. **Other:** Enter any *Other* investments Leveraged for both Total and Active Loan categories by the RLF loan in the “project”, including other public financing (e.g., HUD-CDBG, USDA-IRP loans, etc.).
4. **Total Project Financing:** Enter the sum of RLF dollars loaned and non-RLF dollars leveraged by the RLF, items II.A.2. plus II.A.3.c.

5. Private Sector Jobs: Enter the number of jobs created and the number of saved jobs for both Total and Active loan categories. In tallying jobs, only *permanent* and *direct* jobs may be counted; *part-time* jobs should be converted to full-time equivalents (by summing the total hours worked per week for all part-time employees and dividing by the standard hourly work week for full-time employees, normally 35-40 hours). Job information data should be collected at least annually. For seasonal businesses, more frequent collection of job data is usually necessary to obtain realistic employment figures for an annualized average.

Grantees should use the following definitions in completing the job information section of this report:

- a. Actual Created Jobs: A job is counted as “created (actual)” if it was created as a result of and attributable to the RLF loan project, and has been *verified* by the borrower (or grantee) as actually created. Jobs are usually verified by requesting the borrower to complete a questionnaire at least on an annual basis indicating the number of jobs actually created and attributable to the RLF project, or by the grantee performing an on-site job count. Other job data should also be requested from the borrowers in order to complete Part IV of the Report. The documentation for job counts should be placed in the project files.

*Created jobs may be credited if the jobs were created within five years of loan disbursement or, if construction is involved, within five years after construction completion. All jobs credited must be attributable to the RLF project. A created job must be removed from the credited created jobs if the job fails to last at least 18 months. Any job which meets the creditable job created criteria is counted as part of the total actual jobs created permanently, regardless of the status of the loan.*

*For loans that have been paid in full, grantees may use the job information data that is on file provided there is adequate confidence in the reliability of the data. If there is a question on the reliability, the data should be verified by the next semiannual reporting period.*

- b. Saved Jobs are existing jobs where it can be documented that without the RLF assistance the jobs would have been lost.

*Exception - Created/Saved Jobs Subsequently Lost: If an RLF borrower subsequently ceases business (or closes a segment of its business) thereby eliminating previously created or saved jobs, these jobs may continue to be counted in the Semiannual Report only if they were maintained for a minimum of 18 months prior to the loss.*

6. RLF \$\$ Loaned for Fixed Assets: Enter for both Total and Active loan categories, the amount of closed RLF loans that were used for the purchase, installation or construction of fixed assets. If a single RLF loan was used jointly for fixed asset and working capital purposes, only the fixed asset amount should be reported on this line. For a guaranteed loan that was used jointly for fixed assets and working capital, multiply the percent of the original loan that is/was guaranteed by the amount of the loan that was used for fixed assets.

7. **RLF \$\$ Loaned for Working Capital:** Enter for both Total and Active loan categories, the amount of closed RLF loans that were used for working capital purposes as defined by generally accepted accounting principles. Consistent with item II.A.6. above, include on this line only the amount or portion of a RLF loan that was actually used for working capital purposes. (The amounts on this line plus the amounts in II.A.6. should equal the total RLF dollars loaned in item II.A.2. for both Total and Active loans, respectively).
8. **RLF \$\$ Loaned for Start-up, Expansion & Retention:** Enter for both Total and Active loan categories, the amount of RLF loans that were used for Start-up loans, Expansion loans and Retention loans. Each loan in the RLF portfolio is to be categorized as either a Start-up, an Expansion or a Retention loan. A *Start-up* loan is one to a new business that has limited or no prior operating history. An *Expansion* loan involves an existing operating company that will expand operations and create jobs. A *Retention* loan is where the existing jobs of the company are “saved” as a direct result of the RLF assistance. [The sums of these loan categories (8.a. + 8.b. + 8.c.) should equal the total RLF dollars loaned in item II.A.2. for both Total and Active loans, respectively].
9. **RLF \$\$ Loaned for Industrial, Commercial & Service:** Enter for both Total and Active loan categories, the dollar amount of closed RLF loans that went to Industrial, Commercial and Service projects. All RLF loans should be placed in one of these three categories, which are defined below and which utilized the Standard Industrial Classification (SIC) Manual as a guide:
 

*Industrial* projects include manufacturing, agriculture, forestry, fishing, mining, and construction businesses - essentially businesses engaged in the production of a product.

*Commercial* projects include retail and wholesale trade businesses.

*Service* projects include businesses which provide a service to individuals or businesses, i.e., those not engaged in the production of a product or the sale of merchandise.
10. **RLF \$\$ Loaned for Minority Businesses:** Enter for both Total and Active loan categories, the amount of closed RLF loans that went to minority-owned businesses. To be considered minority-owned, a company must be at least *51 percent* owned by African-Americans, Hispanics, Asians and/or Indians.
11. **RLF \$\$ Loaned for Women-owned Businesses:** Enter for both Total and Active loan categories, the amount of closed RLF loans that went to women-owned businesses. Include only firms with at least *51 percent* ownership by women.
12. **Other:** Enter for both Total and Active loan categories, the amount of closed RLF loans that went to a targeted use identified in the RLF Plan but not included above.

**B. Comparison of RLF Portfolio to RLF Plan:** As indicated in the narrative in the Semiannual Report, use the RLF Plan to obtain the applicable ratios and percentages for completing the first column. For column two (Total Loans) and column three (Active Loans), use the appropriate figures from Part II.A. to compute the ratios and percentages requested. The formula for each item is listed in the brackets next to that item. [As an example,

item #1 - Cost per Job, is computed by dividing the figures on line A.2. by those on line A.5.d. (from Part II) for both Total and Active loans, respectively].

### **PART III: PORTFOLIO FINANCIAL STATUS**

#### **A. RLF Funding Sources:**

1. - 3. Enter on lines one through three the *total funds committed* to the RLF by funding source, regardless of whether the funds have been drawn into the RLF. Outside of the EDA funds, the funding categories will include either funds provided solely by the grantee or from “other” sources, e.g., CDBG, state, or private donations for the specific use of the RLF. Specify the funding source if “other”.
4. Enter the sum of all funding sources, items III.A.1. through III.A.3. inclusive.

#### **B. Program Income Earned to Date:**

5. Enter the total *interest earned* directly from *RLF loans*. This amount should equal the aggregate interest earned from individual loans which are listed in Part IV.
6. Enter *interest earned* from *deposits and investments* of:
  - a. RLF loan payments, including principal and interest;
  - b. RLF loan fees, including origination, servicing and processing fees, late fees and penalties; and
  - c. Advances of local matching funds and EDA funds. EDA funds must be timed to meet the actual, immediate disbursement needs of the RLF borrowers. Otherwise, grant funds plus any interest earned thereon must be returned to EDA. (*Note that grantees may deduct and retain a portion of such earned interest for administrative expenses up to the maximum amounts allowed under either 15 CFR Part 24 or OMB Circular A -110 or its implementing Department regulation, as applicable*).
7. Enter the aggregate of all fees earned from RLF loans from processing, servicing, closing, late fees and any other loan-related earnings.
8. Enter the sum of III.B.5. through III.B.7., inclusive.
9. Enter the amount from III.B.8. that has been used to cover eligible RLF administrative expenses to date. (Time cards are to be maintained for all direct labor costs charged against RLF Program Income. If indirect costs are charged against the RLF, the grantee must have an indirect cost allocation plan). *Inasmuch as RLF administrative costs can only be reimbursed from RLF income earned in the same accounting period, available RLF income earned in a current period may be set aside for administrative costs which will be incurred over the remainder of the period (Refer to Section VII. of the Administrative Manual for additional information).*

10. Subtract the amount on line III.B.9. from III.B.8. and enter the difference here. Do not deduct amounts set aside for future administrative expenses. Lines III.B.8 less line III.B.9. should equal the amount of line III.B.10; if not, explain on separate page. *Note that if the grant recipient anticipates using any of the available RLF income earned in the current period during the remainder of the period, it may deduct this from the amount otherwise reported in the space. Conversely, if the recipient is certain that it will not need any of the available RLF income during the remainder of the period, it should include this amount in the figure reported as **RLF Income added to the RLF for Lending**. Any RLF income on hand at the end of a period must be added to the RLF Capital Base for lending purposes.*

(Note: References to **Program Income** in B.8. through B.10. should be interpreted to mean **RLF Income** as used in the *RLF Administrative Manual*).

**C. Status of RLF Capital:**

11. Self-explanatory (enter the amount from III.A.4.).
12. Self-explanatory (enter the amount from III.B.10.).
13. Self-explanatory (enter the sum of the amounts lost from direct loans and guaranteed loans, from I.A.7. and I.B.7., page 1 respectively).
14. Self-explanatory (enter the sum of III.C.11. and III.C.12., less III.C.13.).

**D. Current Balance Available for New Loans:**

15. Self-explanatory (enter the RLF principal outstanding from I.A.6., page 1).
16. Self-explanatory (enter the total RLF dollars reserved for loan guarantees, which are not available for lending, from I.B.6., page 1).
17. Self-explanatory (deduct amounts shown in III.D.15. and III.D.16. from III.C.14.).
18. Enter the aggregate amount of RLF funds that have been approved and *committed* but not closed nor disbursed.
19. Self-explanatory (enter the amount in III.D.17. less III.D.18.).
20. Current Balance Available Percentage - applies only to RLF's that have been fully disbursed. Enter the percent that is obtained by dividing the amount in III.D.19. by the amount in III.C.14.
21. Insert the Current Balance Available Percentage (same calculation as in #20 above ), but for the preceding six month period obtained from the previous Semiannual Report.



*(Note: The percentages obtained in III.D.20. and III.D.21. are used to evaluate compliance with EDA's **Excess Retention Policy** established in 1988. If the percentages in III.D.22. and in III.D.23. both exceed **25 percent**, the grantee is in violation of the policy and is required to submit an addendum to the report explaining the reasons for the violation and the steps it proposes to take to reduce the percentage below 25 percent. Subsequently, the grantee may be required to submit the EDA share of any amount over 25 percent, which normally will be made available to the grantee for a time period established by EDA. Funds not used during this time period may become permanently unavailable to the grantee).*

#### **PART IV: PORTFOLIO LOAN LIST**

Self-explanatory.

#### **PART V: MISCELLANEOUS INFORMATION & CERTIFICATION**

##### **A. Recent Loan Activity:**

1.- 4. Self-explanatory.

##### **B. Capital Utilization:** (Section X. of RLF Administrative Manual)

5.- 7. Self-explanatory.

##### **C. RLF Income & Expenses:** (Section VII. of RLF Administrative Plan)

8.- 12. Self-explanatory.

##### **D. Administration:**

13.-17. Self-explanatory.

##### **E. Annual RLF Plan Certification:** (Section VIII. of the RLF Administrative Manual and Section D.03. of the Standard Terms and Conditions)

18. Self-explanatory (Required only once a year).

**EXHIBIT E**

**ANNUAL REPORT FOR EDA-FUNDED RLF GRANTS**

**Grantee Name:**\_\_\_\_\_ **Period Ending**\_\_\_\_\_

**Project No.**\_\_\_\_\_ **Contact Person:**\_\_\_\_\_

**Phone:**\_\_\_\_\_

<b>A. PORTFOLIO FINANCIAL STATUS</b>		
1. Total RLF Funding (EDA + Matching funds)	\$	
2. Total RLF Income Earned	\$	
3. Total RLF Income Expended for Administrative Costs	\$	
4. RLF Income in #2 that is set aside for Current Period Expenses	\$	
5. Total Losses on Direct and Guaranteed Loans	\$	
6. RLF Capital Base [(1+ 2) less (3+ 4+ 5)]	\$	
7. RLF Loan Principal Outstanding	\$	
8. RLF \$\$ Reserved for Guarantees	\$	
9. RLF Loan Commitments Not Disbursed	\$	
10. RLF Capital Utilized [7+ 8+ 9]	\$	
11. RLF Capital Utilization Rate [10 / 6]		%
12. Same as # 11 but for Preceding 6-Month Period		%

<b>B. RECENT LOAN ACTIVITY (Last 12 Months Only)</b>	
13. # Applications Received	
14. a. # Applications Received from Minority-owned firms	
b. # Applications Received from Women-owned firms	
15. # Loans Closed	
16. a. # Loans Closed from Minority-owned Firms	
b. # Loans Closed from Women-owned Firms	

<b>C. Portfolio Status</b>		
<i>DIRECT LOANS:</i>		
17. a. Total RLF \$\$ Loaned	\$	
b. Total # Loans made by the RLF		
18. Total Active Loans	\$	
19. Principal Outstanding		
a. Current Loans	\$	
b. Delinquent Loans (< 60 days)	\$	
c. Delinquent Loans (> 60 days)	\$	
20. Total Written-Off	\$	
21. Total Non-RLF \$\$ Leveraged by RLF & Leverage Ratios		
a. Private	\$	
b. Other	\$	
c. Total Leveraged (Private + Other)	\$	
<i>GUARANTEED LOANS:</i>		
22. Current RLF \$\$ Exposed ( <i>active loans only</i> )	\$	
23. RLF \$\$ Reserved ( <i>active loans only</i> )	\$	
24. Total # of Actual Jobs Created and Saved		

<b>D. ADMINISTRATION</b>		<b>circle or</b>	
<b>complete</b>			
<b>as appropriate</b>			
25. Any key Staff Turnover last 12 Months? List position(s):		Yes	No
26. Attach a list of the current RLF Loan Board membership by name, occupation, race and gender.			
27. Indicate the ending period of the most recent independent Audit covering the recipient and whether Single or Program Specific Audit.			
28. Attach the Audit in #27 if it was not previously submitted to EDA			
29. If the Audit in #27 did not cover either the most recent or the prior fiscal-year period, is an explanation attached? <i>(Circle One)</i>		Yes	No Not Applicable
30. Enter the ending date of the accounting period which has been selected to determine the amount reported in #4 above in accordance with Section VII.C. of the RLF Administrative Manual.			

<b>E. CAPITAL UTILIZATION</b>		<b>circle or</b>	
<b>(Section X of RLF Administrative Manual)</b>		<b>complete</b>	
<b>as appropriate</b>			
31. If the percentages in both #11 and #12 above are less than 75%, is an explanation attached discussing proposed actions (including target dates and goals) to reduce the amount of excess funds on hand?		Yes	No
32. If both #11 and #12 are less than 75%, list the amount of excess funds subject to sequestration.		\$	
33. List any amount in #31 that has been sequestered in a separate account.		\$	

<b>F. ANNUAL RLF PLAN CERTIFICATION</b> <b>(Section VIII of RLF Administrative Manual and</b> <b>Section D.03 of Standard Terms and Conditions)</b>	<b>circle or</b> <b>complete</b> <b>as appropriate</b>
34. Is the required <b>ANNUAL</b> RLF Plan Certification attached? If "no," indicate the date it will be submitted: _____	Yes    No

CERTIFICATION: I hereby certify on this \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
 that the information provided in this Annual Report is true and correct to the best of my knowledge.

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NAME AND TITLE OF AUTHORIZED OFFICIAL

---

SIGNATURE (Authorized Official)

Check Attachments Submitted:

- \_\_\_\_\_ Capital Utilization (#31 above)
- \_\_\_\_\_ Current Loan Board Membership (#26)
- \_\_\_\_\_ Copy of Audit (#28)
- \_\_\_\_\_ Audit Explanation (#29)
- \_\_\_\_\_ Annual RLF Plan Certification (#34)

## INSTRUCTIONS FOR COMPLETION OF EDA's ANNUAL REPORTS FOR REVOLVING LOAN FUND GRANTS

These instructions are for completion of the **Annual Report** form for EDA revolving loan fund (RLF) grants. The Annual Report is an abbreviated version of the Semiannual Report. RLF grantees that are reporting on a semiannual basis are eligible to apply for graduation to this streamlined report one year after full disbursement of the initial round of RLF capital.

### **A. PORTFOLIO FINANCIAL STATUS AND CAPITAL UTILIZATION**

1. Enter the *total funds* committed to the RLF. Outside of EDA funds, matching funds may include funds provided solely by the grantee or from other sources, e.g., CDBG, state or private donations for the specific use of the RLF. Exclude any funding commitments that may have been removed from the RLF, as approved by EDA.
2. Enter the Total RLF Income earned by the RLF to date. RLF Income, as defined in Section VII. of the RLF Administrative Manual, includes:
  - a. Total interest earned directly from RLF loans.
  - b. Interest earned from deposits and investments of:
    - ! RLF loan payments, including principal and interest;
    - ! RLF loan fees, including origination, servicing and processing fees, late fees and penalties; and
    - ! Advances of local matching funds and EDA funds. EDA funds must be timed to meet the actual, immediate disbursement needs of the RLF borrowers. Otherwise, grant funds plus any interest earned therein must be returned to EDA. (*Note that grantees may deduct and retain a portion of such earned interest for administrative expenses up to the maximum amounts allowed under either 15 CFR Part 24 or OMB Circular A-110 or its implementing Department regulation, as applicable.*)
3. Enter the amount from A.2. that has been used to cover eligible RLF administrative expenses to date. (Time cards are to be maintained for all direct labor costs charged against RLF Program Income. If indirect costs are charged against the RLF, the grantee must have an indirect cost allocation plan). *In as much as RLF administrative costs can only be reimbursed from RLF income earned in the same accounting period, available RLF income earned in a current period may be set aside for administrative costs which will be incurred over the remainder of the period (Refer to Section VII. of the Administrative Manual for additional information).*
4. Enter the amount of any available RLF Income earned in a current period which may be set aside for future administrative costs incurred over the remainder of the period. If, however, the selected period ends on September 30, funds can not be set aside without EDA approval since any RLF Income that is not used for administrative costs during the period in which it is earned must be added to the RLF Capital Base at the end of the period.

5. Enter the cumulative Losses on Direct and Guaranteed Loans for those loans written- off.
6. Calculate the current level of the RLF's Capital Base by adding the amounts entered in #1 and #2, and subtracting from this sum the amounts in #3, #4 and #5. The RLF Capital Base represents the aggregate amount of capital potentially available for lending.
7. Enter the amount of Loan Principal Outstanding on Direct RLF Loans.
8. Enter the amount of RLF dollars that are required to be set aside or reserved for RLF guarantees of other loans. If not applicable, enter **N/A**.
9. Enter the aggregate amount of RLF funds that have been approved and *committed* but not closed nor disbursed.
10. Calculate the amount of RLF Capital Utilized, i.e., RLF capital outstanding and committed, by summing the amounts in #7, #8 and #9.
11. Calculate the RLF Utilization Rate by dividing #10 (RLF Capital Utilized) by #6 (RLF Capital Base). This indicates the percentage of RLF capital in use for comparison with the Capital Utilization Standard as discussed in Section X. of the Administrative Manual. Persistent noncompliance with the Standard could require sequestration of excess funds, remittance of interest earned on sequestered funds, and eventual loss of excess funds if not placed in use within a reasonable period of time.
12. The RLF Capital Utilization Rate is calculated every six months for the periods ending March 31 and September 30, in accordance with Section X.C. of the RLF Administrative Manual.

## **B. RECENT LOAN ACTIVITY**

- 13-16. As appropriate, enter the number of applications received and loans closed for the last 12 month period. Also enter the number of applications received and the number of loans closed from **Minority-owned** and **Women-owned** firms. *Ownership is defined as controlling interest of 51% or more. A loan is considered closed when a loan documents have been signed.*

## **C. PORTFOLIO STATUS**

17. Enter the total number and original dollar amount of all RLF loans made to date.
18. Enter the amount of principal outstanding for Total Active Loans. *(Total Active Loans are defined as **direct loans** that are either current, delinquent or in default - exclusive of loans that have been fully repaid or written off).*
19. For active loans only, enter the principal outstanding on direct loans that are current and those that are delinquent. Segregate delinquent loans into two categories, those less than or equal to 60 days past due and those more than 60 days past due. For this report, a "delinquent" loan is defined as one that is *up to 60 days past due*. (If a previously delinquent borrower is now current, or making payments in accordance with an amended note and payment schedule, show this loan as current).

20. Enter the total principal balance outstanding on direct loans written-off or the actual amount lost, whichever is smaller.
21. Enter the total non-RLF dollars leveraged (Private & Other) and corresponding leverage ratios in conjunction with the RLF direct loans. Unless stipulated otherwise in the grant agreement, RLF loans must be used to leverage private investment of at least two dollars for every one dollar of RLF investment. Private dollars leveraged include private financing and private investments provided to the "project" in which the RLF is an integral component. A project is defined as an activity consisting of interrelated components which share a common goal. Private investments include both cash provided to the project and donated assets which come from outside the borrowing enterprise. For donated assets, only the equity in the assets (defined as the assets' market value less any security interest) may be counted in the leverage ratio. For purposes of calculating private dollars invested, 90 percent of the guaranteed portions of SBA 7 (a) and SBA 504 debenture loans may be included. As a reminder, the RLF must fill a legitimate financing gap in the project for the private funds to be considered "leveraged dollars".  
  
Other investments leveraged by the RLF in the project may include other non-RLF dollars such as HUD-CDBG, USDA-IRP loans, etc.
22. For active loans provided by other lenders and guaranteed by the RLF, enter the contingent liability of the RLF on outstanding loan principal, i.e., the current RLF exposure on all active RLF guarantees. This amount is usually computed by multiplying the percent of the original guarantee by the outstanding loan balance.
23. For active loans provided by other lenders and guaranteed by the RLF, enter any amounts of RLF funds that are actually set aside and held in reserve to cover any losses on guaranteed loans.
24. Enter the total number of jobs created and saved over the life of the RLF. In tallying jobs, only *permanent* and *direct* jobs may be counted; *part-time* jobs should be converted to full-time equivalents (by summing the total hours worked per week for all part-time employees and dividing by the standard hourly work week for full-time employees, normally 35-40 hours). Job information data should be collected at least annually. For seasonal businesses, more frequent collection of job data is usually necessary to obtain realistic employment figures for an annualized average.

Grantees should use the following definitions in completing the job information section of this report:

- a: Actual Created Jobs: A job is counted as "created (actual)" if it was created as a result of and attributable to the RLF loan project, and has been *verified* by the borrower (or grantee) to complete a questionnaire at least on an annual basis indicating the number of jobs actually created and attributable to the RLF project, or by the grantee performing an on-site job count. The documentation for job counts should be placed in the project files.

*Created jobs may be credited if the jobs were created within five years of loan disbursement or, if construction is involved, within five years after construction completion. All jobs credited must be attributable to the RLF project. A created job must be removed from the credited created jobs if the job fails to last at least 18 months. Any job which meets the creditable job created criteria is counted as part of the total actual jobs created permanently, regardless of the status of the loan.*



*For loans that have been paid in full, grantees may use the job information data that is on file provided there is adequate confidence in the reliability of the data. If there is a question on the reliability, the data should be verified by the next annual reporting period.*

- b: Saved Jobs are existing jobs where it can be documented that without the RLF assistance the jobs would have been lost.

*Exception - Created/Saved Jobs Subsequently Lost:* If an RLF borrower subsequently *ceases business* (or closes a segment of its business) thereby eliminating previously created or saved jobs, these jobs may continue to be counted in the Annual Report *only* if they were maintained for a *minimum of 18 months* prior to the loss.

#### **D. ADMINISTRATION**

25-30. Self-explanatory.

#### **E. CAPITAL UTILIZATION**

31-33. Self-explanatory (Refer to Section X. of the RLF Administrative Manual).

#### **F. RLF PLAN CERTIFICATION**

34. Self-explanatory (See Section VIII. of the RLF Administrative Manual and Section D.03. of the RLF Standard Terms and Conditions for additional details).